

# ₹ sees best day in 3 yrs, strengthens to 89.29/\$

## RBI intervened to curb speculative bets, say dealers

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The Indian rupee appreciated sharply in the final hour of trade on Friday, supported, according to dealers, by aggressive dollar sales by the Reserve Bank of India (RBI).

The domestic currency posted its strongest single-day gain in over three years, strengthening 1.1 per cent to settle at 89.29 per dollar, compared with 90.26 a dollar in the previous session.

This week, the rupee also recorded its biggest weekly gain in six months, as the RBI stepped in to curb one-sided depreciation against the greenback, dealers said. The rebound comes after the currency hit fresh lows earlier in the week amid persistent capital outflows and an impasse over trade negotiations.

"We could see follow-on dollar selling early next week as positions unwind. With the RBI's willingness to intervene forcefully, the rupee is likely to stabilise near the 89.50 to 90

per dollar range by the end of December. Today's intervention could have been in the range of \$3 billion to \$5 billion, as such a sharp move is unlikely with smaller volumes," said a market participant.

Market participants said the RBI's move was aimed at flushing out speculative positions and triggering panic among traders who were long on dollars and short on the rupee. Dollar sales for the second consecutive session signal that the central bank will not tolerate a one-way depreciation narrative, helping curb speculative positioning and restore two-way risk in the market.

After a highly volatile week, which saw the rupee hitting fresh lows in three consecutive sessions, the currency ended the week about 1.3 per cent stronger against the dollar. It oscillated between 91.08 a dollar and 89.25 a dollar amid choppy trade.

### Sharp rebound

₹ vs \$ spot (inverted scale)

1-day chg % 1.08 ▲

Source: Bloomberg  
Compiled by BS  
Research Bureau

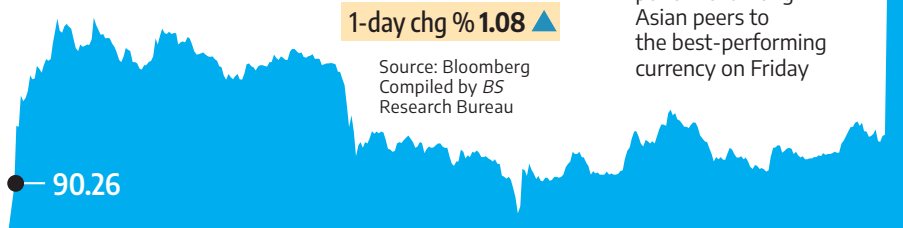
After recognising the scale of long speculative positions in the market, the central bank decided to intervene more aggressively, driving down the spot rate, dealers said.

"The Indian rupee witnessed a sharp appreciation in the final minutes of the trading session, largely supported by the RBI's active intervention. Market participants view this move as a possible signal of improving sentiment, with expectations building around progress on a potential US-India trade agreement," said Ritesh Bhansali, vice-president, Mecklai Financial Services.

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### Smart recovery

- Rupee saw its biggest weekly gain in 6 months
- This follows a volatile week that saw three consecutive sessions of fresh lows
- Sees turnaround from being the worst performer among Asian peers to the best-performing currency on Friday



# ₹ sees best day in 3 yrs, strengthens past 90/\$

The rupee staged a sharp turnaround over the week – from being the worst performer among Asian peers to the best-performing currency on Friday.

“The Indian rupee ascended to the top of the Asian currency rankings, fuelled by a clutch of corporate dollar inflows and a pivot back towards risk-on sentiment. With the RBI likely engaging in proactive intervention, the short-term outlook for the rupee has turned bearish. Key technical levels to watch include a support at 89.25 and a ceiling at 89.90 a dollar,” said Dilip Parmar, senior research analyst, HDFC Securities.

Despite Friday’s gains, the rupee remains the worst-performing currency among its Asian peers in the current calendar year (CY25), with a depreciation of 4.1 per cent so far. In FY26, it has depreciated by 4.3 per cent.

Latest data on forward market positions shows that the RBI is estimated to have made interventions worth nearly \$30 billion in the foreign exchange market between

June and October this year — \$18 billion during June-September and a further \$10 billion in October. The central bank’s short dollar forward positions increased to \$63 billion by the end of October, compared with \$59 billion at the end of September.

In October, the RBI had been steadily supplying dollars to prevent the rupee from weakening beyond the 88.80 level.

Meanwhile, India’s foreign exchange reserves rose by \$1.689 billion to \$688.949 billion in the week ended December 12, RBI data showed. In the previous reporting week, the reserves had increased by \$1.033 billion to \$687.26 billion.

During the week, foreign currency assets (FCAs) — the largest component of the reserves — rose by \$906 million to \$557.787 billion. FCAs, expressed in dollar terms, include the impact of appreciation or depreciation of non-US currencies such as the euro, pound and yen held in the reserves. The value of gold reserves also increased, rising by \$758 million to \$107.741 billion, the RBI said.